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TAGS: [ECON](#) [EINV](#) [EFIN](#) [SOCI](#) [IZ](#)
SUBJECT: MINISTER OF HOUSING AND CONSTRUCTION EXPLAINS
STRATEGY TO MEET HOUSING DEMAND

Classified By: Ambassador Ries for reasons 1.4 (b) and (d).

SUMMARY

[11](#). (C) In a cordial 90 minute meeting on February 24, Minister of Housing and Construction Bayan Diyazee told Ambassador Charles Ries, the Coordinator for Economic Transition in Iraq, and Major General Kevin Bergner, Deputy Chief of Staff for MNF-I Strategic Effects, that foreign investment was a crucial factor in the MOHC's efforts to meet Iraq's high demand for housing. Diyazee said several international investors were interested in Iraqi housing projects, but complained about the difficulty she faced in obtaining land transfers from other ministries. Diyazee said she wanted to convert Sadaam Hussein-era military bases into family housing communities, with the Rasheed Base as an attractive first candidate. The Minister of Defense, however, has reportedly been unwilling to transfer the bases' land to the MOHC. Both Ambassador Ries and General Bergner agreed Diyazee's base conversion plan had merit and offered to raise the issue of land transfers with other GOI ministers. End Summary.

HOUSING MINISTER EMPHASIZES NEED FOR INVESTMENT

[12](#). (SBU) Minister of Housing and Construction Diyazee told Ambassador Ries that foreign investment was a crucial factor in the MOHC's efforts to meet Iraq's high demand for housing. Citing a 2006 UN Habitat and MOHC housing study, Diyazee stated the country needed at least 2.5 million new units until 2015 in order to keep pace with housing demand, and that public finance alone would not be sufficient to meet this goal. Diyazee said international investors were interested in Iraqi housing projects and explained that foreign investment-financed projects, launched under her term as KRG's Deputy Minister for Municipalities, were already bearing fruit. "I want to bring this model to the rest of the country," she said.

DIYAZEE: "I NEED LAND"

[13](#). (C) While praising improved security throughout the country, Diyazee complained the largest obstacle to attracting investment was now the difficulty she faced in acquiring lands from other ministries. She blamed a lack of a supporting legislative framework and recalcitrance among other cabinet members. She recounted that in Kurdistan, the Minister of Municipalities or the Minister of Housing could facilitate land transfers by submitting a signed request. That ministry could subsequently submit an RFP to investors for that land. Here in Baghdad, however, there was no law

that supported land transfers. Even more frustrating, she explained, other cabinet members were not willing to transfer lands to which their ministries laid claim. "Every minister I talk to about a housing project says that it's his land."

¶4. (C) Although Diyazee stated the National Housing Committee, which she chairs, is considering giving the Prime Minister or Deputy Prime Minister the right to authorize land transfers, Ambassador Ries suggested the MOHC or investors themselves purchase the land from the ministries. Such an arrangement would offer a greater incentive to the ministries than direct transfers and expedite the investment and development process. "You need to get this land to market quickly: Buy it, build on it, and more people will get housing," he advised. Diyazee stated there was no allocation for land purchases in the 2008 budget and was skeptical about such transactions. "In Kurdistan, we never had to buy land," she explained.

TURNING SANDBAGS INTO SWINGSETS

¶5. (C) Diyazee said she wanted to convert Sadaam Hussein-era military bases into full-service, family housing communities, but was encountering difficulties due to her inability to acquire land. Referring to her success in converting three such military encampments in Kurdistan, Diyazee said she was examining the Rasheed military base in southern Baghdad as an prime candidate for conversion. She added that several other Baghdad camps, either inactive or invaded by squatters, were also under her consideration. The problem, she emphasized, was MOD Abd al-Mufriji's unwillingness to convert the camps, for national security reasons. Diyazee dismissed these arguments, stating that the camps in question were all

located in the middle of urban areas - locations not suitable for either the Iraqi army or the growing urban populations. Ambassador Ries pointed out that the U.S. military would be able to assist Diyazee's efforts by identifying appropriate land for such housing projects, and General Bergner offered to discuss the possibility of base conversions with al-Mufriji.

MOHC BUDGET EXECUTION

¶6. (SBU) Diyazee said the MOHC had a 2008 budget spend plan in place, although she lamented the lack of money to fund new housing projects. She agreed with Ambassador Ries that it was important to spend her capital budget effectively and to spend it quickly, in order to request supplemental money in the summer. She said the MOHC was able to spend 75 percent of its budget in 2007, adding that she had an agreement with the Ministries of Finance and Planning for supplemental funds, if need be. Diyazee complained that the 2008 budget would only support two new housing projects, which couldn't provide more than 1,008 units.

"BANKING" ON SUCCESS IN HOUSING MARKET

¶7. (U) Ambassador Ries and Diyazee agreed that strengthening the private banking sector was important in developing Iraq's housing market. Ambassador Ries explained that USG banking assistance programs were gaining momentum and said he wanted our efforts in strengthening the banking sector to align with Diyazee's strategies for developing housing. (Note: The DOD's Task Force to Improve Business Stability and Operations in Iraq - TF BSO - is helping Iraqi private banks to establish an electronic network that deploys debit cards and electronic payments, working to increase the share of DOD contract payments that are paid electronically through Iraqi banks, and empowering the private banks to issue a greater number of letters of credit. The Treasury Attach's Office is also helping to restructure the state-owned banks. End

note). Diyazee said the MOHC was not involved in home loans, but welcomed any USG assistance in housing finance.

COMMENT

18. (C) We are encouraged by Diyazee's commitment to private investment-based housing growth and believe her approach to convert military bases into housing communities would effectively reactivate and reallocate idle GOI assets, also creating employment. While her experience developing the Kurdish housing market helps Diyazee in her current role, however, her attachment to the Kurdish model seems to limit her willingness to explore alternatives. It is doubtful, for example, that other GOI ministries will transfer their land to the MOHC without getting something in return, yet Diyazee seems reluctant to explore the idea of land purchases, leases, or other arrangements that might provide an economic incentive to other ministries. We will work with the relevant ministries, as well as the Deputy Prime Minister, and the Prime Minister to raise awareness of Diyazee's housing strategies, while encouraging Diyazee herself to broaden her options. End comment.

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